

ORIGINAL TRANSCRIPT

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE PETITION
BY THE DIVISION OF OIL, GAS AND
MINING FOR AN ORDER DIRECTING THE
ATTORNEY GENERAL TO RECOVER
CIVIL PENALTIES, WITHDRAWING THE
NOTICES OF INTENTION, AND REQUIRING
IMMEDIATE RECLAMATION OR FORFEITING
SURETIES FOR THE APEX/BURGIN
MINE (M/049/009), TRIXIE SHAFT MINE
AREA (M/049/024, AND THE TRIXIE
WEST EXPLORATION AREA (E/049/046);
THE CHIEF CONSOLIDATING MINING
COMPANY D/B/A CHIEF GOLD MINE, SOUTH
STANDARD MINING COMPANY AND TINTIC
UTAH METALS, LLC, IN SECTIONS 11, 15,
21, 22 AND 28, TOWNSHIP 10 SOUTH,
RANGE 2 WEST, SLB&M, UTAH COUNTY,
UTAH

~~~~~  
Docket Number 2005-013  
Cause Numbers M/049/009, M/049/024, E/049/046  
~~~~~

TAKEN AT: The Department of Natural Resources
1594 West North Temple
Salt Lake City, Utah

DATE: Wednesday, December 7, 2005

TIME: 10:13 a.m.

REPORTED BY: Alicia B. Bagley, RPR, CRR



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OIL, GAS & MINING
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APPEARANCES

BOARD OF OIL, GAS AND MINING

J. James Peacock, Chairman

Robert J. Bayer

Jake Y Harouny

Douglas E. Johnson, (Excused)

Kent R. Petersen

Samuel C. Quigley

Jean Semborski

DIVISION OF OIL, GAS AND MINING

John R. Baza, Director

Mary Ann Wright, Associate Director, Mining

Gil Hunt, Associate Director, Oil and Gas

Ronald W. Daniels, Environmental Program Manager

Julie Carter, Secretary to the Board

Diane Holland, Legal Secretary

ASSISTANT ATTORNEYS GENERAL

Steven F. Alder, Division Attorney

Keli Beard, Division Attorney

Michael S. Johnson, Board Attorney

Stephen Schwendiman, Board Attorney



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Docket 2005-013, Cause M/049/009, M/049/024, E/049/046

December 7, 2005

PROCEEDINGS

THE CHAIRMAN: We will go back into our session and begin the formal meeting of the Board of Oil, Gas and Mining and proceed with the agenda that, that has been legally published.

So Agenda Item No. 1 is docket No. 2005-013, Cause No. M/049/009, M/049/024, E/049/046 in the Matter of the Petition by the Division of Oil, Gas and Mining for an Order Directing the Attorney General to Recover Civil Penalties, Withdrawing the Notices of Intention, and Requiring Immediate Reclamation or Forfeiting Sureties for the Apex/Burgin Mine (M/049/009), the Trixie Shaft Mine Area (M/049/024), and the Trixie West Exploration Area (E/049/046); the Chief Consolidated Mining Company d/b/a Chief Gold Mine, South Standard Mining Company, and Tintic Utah Metals, LLC, in Sections 11, 15, 21, 22, and 28, Township 10 South, Range 2 West, Salt Lake Basin Meridian, Utah County, Utah.

This matter was continued with signature and approval by the Board I think last August and is brought before us now, and we will



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1 hear from the, the attorney general's office
2 staff. This was to have been continued to
3 January 25th which is today's--which is not
4 today's date, but it was continued to January
5 25th.

6 So, Mr. Alder, if you'd like to take a
7 moment and explain this item.

8 MR. ALDER: Thank you, Mr. Chairman.
9 Steve Alder for the Division.

10 This matter was actually continued
11 pursuant to a stipulation and the hearing was to
12 be held today in the event of failure to comply
13 with the stipulation. And if the respondent did
14 comply with the stipulation, then it was to be
15 continued without date.

16 And just by way of background, this is
17 a matter that involves some very old permits of
18 mining area in the Tintic district that predated
19 some of the current law, and there have been a
20 number of attempts to get the mine operating in
21 the past ten years. It had operated probably for
22 a period of time under Kennecott's management
23 before that, but it had been inactive for a long
24 time. And the Division had a difficult time
25 getting commitments from the mining company as to



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1 how they were going to proceed. There was some
2 deficiencies in the bonding, there was some
3 deficiencies in the permit fees. And yet there
4 seemed to be a degree of good faith, it's just
5 nothing was happening.

6 It turned out that part of the reason
7 for that was that the EPA had designated part of
8 this area--part of certain properties owned by
9 this company in the town of Eureka as a super
10 fund site, and so there was questions about the
11 liability for cleanup which put everybody, I
12 guess, sort of on hold.

13 Last summer we filed the request for
14 agency action and Consolidated's principal officer
15 from Pennsylvania, Rick Schreiber, did respond.

16 We were able to get the stipulation
17 that was signed and approved last August and an
18 order was issued by the Board August 22nd
19 incorporating the terms of that stipulation.

20 The stipulation required that they
21 bring the permit fees up-to-date. There were some
22 penalties assessed for failure to pay the permit
23 fees. Those were to be paid. There were some
24 bonding irregularities--two matters of bonding
25 that needed to be corrected. One was the bond



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1 that was about 350,000 was held in a certificate
2 of deposit, and we felt that that was not as it
3 should be and because of the amount over 100,000
4 and also because it was jointly held under Chief
5 Consolidated and the State of Utah. So we
6 requested that that be changed to solely in the
7 name of the State of Utah, and it was eventually
8 determined that it was hard to have the
9 certificates held by the State of Utah just
10 because of banking rules, and so Beth Erickson,
11 who is part of the minerals bonding coordinating
12 manager--I knew I'd get it, that may not be her
13 exact title, but she took responsibility for
14 getting the bonding changed over. So now we have
15 a cash bond held by the State for the amount
16 that's required.

17 They were also delinquent in some
18 annual updates. As we do--as the Division does
19 bonding, it updates the amount to keep it current.
20 So there was an additional 38,000 that was paid
21 in. And so some of this happened after the
22 deadline for sending out notice of this meeting
23 which is why--but we felt that it would happen.
24 So we originally asked that this be continued
25 until January 25th, but since the notice of the



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1 hearing was given, they have fully complied with
2 the terms of the stipulation, so there's no longer
3 any reason to continue this until the 25th, and
4 we are suggesting to the Board the matter be
5 continued without date, as was provided in the
6 order, per their compliance with the terms, the
7 stipulation.

8 We think and we have filed with the
9 Board our notice of compliance with stipulation
10 which says that they have complied fully with the
11 stipulation substantially as required, they're a
12 little late, but we feel there's no reason not to
13 proceed to continue this matter.

14 They're-under the stipulation they're
15 still required to revise their mine plan, they are
16 still required to review that mine plan and surety
17 with the Division and determine whether or not the
18 amount of surety that is currently held will be
19 appropriate and that's to happen prior to June 30,
20 2006.

21 And then finally there were some
22 penalties that were assessed by the Division for
23 failure to abate, not just for failure to pay the
24 fees that were due, but--those were automatic
25 penalties, but then there was an assessment for



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1 failure to abate because it took--it was so
2 difficult to get their attention.

3 Pursuant to the stipulation, those
4 penalties are reserved until the end, and so this
5 may come back before you if they don't comply
6 with the additional adjustment to the mine plan,
7 and it may come back before you if there's a
8 failure to mutually resolve the penalties.

9 THE CHAIRMAN: Or if they pay the
10 required amounts, you may come back and ask for a
11 dismissal?

12 MR. ALDER: Otherwise, yes, we would
13 certainly come back to you and say everything's
14 been satisfied and should be dismissed, that's
15 correct, Mr. Chairman.

16 THE CHAIRMAN: You were asking the
17 Board--suggesting, then, that we retain continuing
18 jurisdiction on this matter, but take no action at
19 the present time?

20 MR. ALDER: Right. Then the hearing
21 would be continued without date I think would be
22 an acceptable way to deal with that.

23 THE CHAIRMAN: Any discussion or
24 question from Board members on this matter as has
25 been discussed by Mr. Alder?



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1 Anyone here that has any interest or
2 representation of this matter, any comments?

3 MR. ALDER: I should say Mark Mesch has
4 been involved, if you have questions for him as
5 far as--he was very good at following up and
6 getting a lot of these things done that were
7 difficult because of the distances involved.

8 THE CHAIRMAN: I would think that
9 without having to confer or discuss this anymore
10 that if we have agreement by the Board, we will
11 just retain continuing jurisdiction on this until
12 we hear further notice from the Division.

13 MR. ALDER: Okay.

14 THE CHAIRMAN: And we will so rule.

15 MR. ALDER: Okay. Thank you very much.

16 (Proceedings concluded at 10:23 a.m.)
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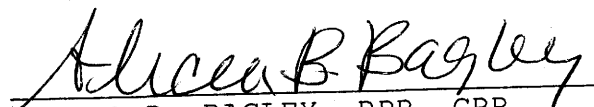
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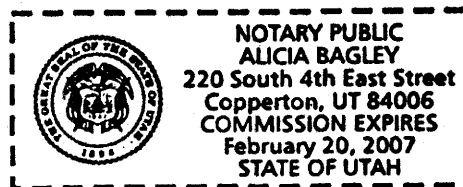
CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, ALICIA B. BAGLEY, a Registered Professional Reporter and Notary Public in and for the State of Utah;

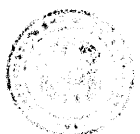
That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.


ALICIA B. BAGLEY, RPR, CRR



STATE OF UTAH
February 20, 2007
COMMISSION EXPIRES
Copperfield, UT 84006
320 South 4th East Street
ALICIA BAGLEY
NOTARY PUBLIC



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